

PROJECT MANAGEMENT

RESPONSIBLE PROGRAM MANAGER

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DESCRIPTION OF PROBLEM

In the past, it was reported that the Department lacked discipline and structure in approving and controlling program and baseline changes to projects and therefore needed a Department-wide approach to certify project managers at predetermined skill levels to ensure competent management oversight of resources. Additionally, it was determined that the Department needed stronger policies and controls to ensure that the need for construction projects is reevaluated frequently in light of changing missions. While the Department has taken actions to address these past problems, confidence in the ability to build new facilities, remediate contaminated sites and upgrade existing systems has been adversely impacted by reported cost overruns, schedule slippages, unplanned mid-course redirection and other project management problems. Projects encountered major cost overruns and schedule delays due to oversight failures were suspended due to inability to work safely and efficiently as designed, and terminated due to concerns about the contractor's performance and rapidly escalating cost estimates. These issues have led to Congressional concern over the adequacy of the Department's engineering and construction project management structure and practices.

PRIOR YEAR ACCOMPLISHMENTS

To identify the root causes of these project management deficiencies, Department-wide policies and procedures have been assessed by an expert panel formed under the National Research Council (NRC) of the National Academy of Sciences. The Department is addressing these problems through a comprehensive plan to implement the NRC's recommendations, as well as corrective actions gleaned from other internal and external reviews. The NRC issued a report in November 2001, "Progress In Improving Project Management at the Department of Energy," commending the Department for taking positive steps towards improving project management and recognized that more time will be needed to achieve the intended goals. Spearheading this continuing effort is the Office of Engineering and Construction Management (OECM), within the Office of Management,

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Budget and Evaluation/Chief Financial Officer. This office has taken the mission to drive value added change in the Department's project management systems. The OECM implemented an External Independent Review procedure that focuses on the review and validation of the project's cost, schedule and technical scope, and continues to improve upon the procedure. The Project Assessment and Reporting System (PARS) was developed to collect project data and report on project performance and status. The Project Assessment and Reporting System became operational in FY 2002. Noteworthy accomplishments during FY 2003 include: the Issuance of the DOE Project Manual in March 2003; Development of the Project Management Career Development Program; and Refinement of the monthly project status report.

NNSA is currently leading a Department-wide effort to increase staff competencies through increased training and involvement with professional societies such as the Project Management Institute and the Construction Industry Institute.

In the past year, SC's management reinforced its support for ongoing and needed improvements in project management through a memorandum; all SC site offices have been briefed on the new project management manual and have developed site-specific implementation plans; SC performed a survey of its PARS users as a basis for improving SC's reporting practices; SC met with external groups to improve project management; and SC's overall performance as reported in the monthly PARS report consistently exceeds the Department's project management performance measures established by OECM in support of the President's Management Agenda.

Over the past eighteen months, the top priority of EM management has been to reform and refocus the cleanup program to deliver quicker, less expensive cleanup and real risk reduction. These reforms culminated in the release of the Top-to-Bottom Review in February 2002, which served as a catalyst to reevaluate previously accepted strategies and cleanup methods. A major focus of the program has been the challenge of developing resource-loaded baselines for each EM site.

	Projected Completion Date			
PLANNED CRITICAL MILESTONES	Previously Reported Date	Current Completion Date	Responsible Office	Responsible Individual
Submit monthly project status reports to the Deputy Secretary.	Ongoing	Ongoing	OECM	Jim Rispoli

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Program Offices continue to implement improved project management practices.		Ongoing	NNSA EM SC	Dr. Everet Beckner Jessie Roberson Ray Orbach
Implement resource-loaded project baselines		FY 2004	EM	Jessie Roberson

PROGRESS STATUS

The Office of Management, Budget and Evaluation has completed significant actions towards mitigation of the Department's project management deficiencies. The National Research Council's 2002 assessment of the Department's project management recognized the progress DOE has made toward improving project management.

The Project Management Career Development Program task force successfully developed a comprehensive career program to include tracking, training curriculum, developmental assignments, certifications, advancements and incentives.

Additional training and guidance has been provided to project managers to ensure their understanding of the requirements of the Department's Project and Program Management Manual and assist them in their efforts to ensure its successful implementation.

Revision of the External Independent Review (EIR) process and procedures is complete. The revised EIR procedures have been tested and have been shown to provide a more focused and detailed assessment of key project performance parameters. The revised EIR process is also providing detailed assessments of the extent to which cost and schedules for "start-up testing" have been incorporated into the Performance Baseline for production type projects.

A process to identify poorly performing projects requiring the attention of the Department's Deputy Secretary has been developed and fully implemented. A monthly project status report is prepared for all projects and a summary report that identifies all poorly performing projects is provided to the Deputy Secretary, Under Secretary and NNSA Administrator.

The EM Assistant Secretary will approve all site resource-loaded baselines. The baselines describe in detail the activities, schedule and resources required to complete the EM mission at each site. Key elements of the baselines such as annual costs, corporate performance measures, and completion dates are under strict configuration control. All baselines are assessed prior to approval to ensure that they meet site-specific commitments in addition to EM corporate goals. These approved baselines, assessed to identify and remedy any

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weaknesses that would be a barrier to accomplishing the scope of work at the validated cost, will allow for even greater focus on the cleanup mission. These approved baselines are also critical in enabling senior management to accurately monitor and measure the cleanup progress of each site against its completion objectives.

PROPOSED CLOSURE DATE

As a result of the progress achieved in rectifying this engineering and construction project management deficiency, it is expected that this significant issue will be closed in FY 2004.